



June 11, 2025

VIA ELECTRONIC SUBMISSION

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 25-04: Rule Modernization

Dear Ms. Piorko Mitchell,

SIFMA¹ submits comments in response to Regulatory Notice (RN) 25-04.² We appreciate FINRA's commitment to continuous improvement and welcome this effort to modernize and update its regulatory requirements applicable to broker-dealers and associated persons, as well as working with other regulators whose requirements are applicable to them, including the SEC, to fully realize its goal.

SIFMA provides a non-exhaustive list of topics and rules below that is responsive to FINRA's request and a brief explanation for the action requested. This list includes FINRA rules and requirements as well as certain non-FINRA requirements applicable to broker-dealers that we believe should be amended and/or repealed. SIFMA believes that addressing these topics could result in reduced burdens, costs, and confusion, and greater opportunities for investors. We have prioritized the topics into two categories to denote the importance or urgency of these issues for our members: 1) high priority and 2) other priorities.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² Regulatory Notice 25-04 (Mar. 12, 2025), <https://www.finra.org/sites/default/files/2025-03/Regulatory-Notice-25-04.pdf>

SIFMA appreciates your consideration of our comments and would be pleased to discuss them in detail and answer any questions you may have.

Sincerely,

Bernard V. Canepa

Bernard V. Canepa
Managing Director and Associate General Counsel

Attachment

#1 Priorities

FINRA Arbitration

FINRA Rule 12000 and 13000 Series, FINRA Regulatory Notices (RN) (e.g., 16-25, 21-16), Discovery and Arbitrator's Guides, Codes of Arbitration Procedure

Amend rules, guidance, procedures, and guides governing arbitration, with a focus on reforming FINRA's arbitration process to achieve better and more fair outcomes. Recommendations include, but are not limited to, limiting punitive damages awards, enhancing arbitrator training and qualifications, improving the discovery and hearing processes, and addressing issues with the adjudication of Form U5 defamation claims (as raised in SIFMA's February 2024 comment letter).

SLATE Rules and Securities Loan Reporting

FINRA Rule 6500 Series and SEC Rule 10c-1a

Request the SEC delay implementation of the final rule and rescind and re-issue amended rules, including FINRA rules. The current rules create a complex and burdensome reporting regime whose cost and burdens far outweigh any benefits to investors. Specifically, FINRA's rules require information in excess of the SEC's final rule and FINRA's fee schedule for SLATE will generate fees in excess of those required to run SLATE and inappropriately apportion costs between data submitters and data users. (See SIFMA's January 7 and April 1, 2022 and March 15, 2023 comment letters on Rule 10c-1a, and May 28 and July 31, 2024 comment letters on FINRA's proposed SLATE Rules).

Short Interest Position Reporting Requirements

SEC Rule 13f-2 and Form SHO

Work with the SEC to rescind and re-issue an amended rule to address concerns that key terms not clearly defined and confidential and proprietary information and strategies could be revealed. (See SIFMA's April 26, 2022 comment letter). Additionally, revised SEC rules should supersede FINRA's short position reporting requirements that the market reports under a single rule.

TRACE Reporting Framework

FINRA Rule 6700 Series

Finalize rule proposal to rescind 1-minute reporting requirements for certain fixed income products under Rule 6730. Review the framework for simplification, including alignment with MSRB rules; rationalization of trade report flags; and addressing specific issues such as price out of range bands, affiliate trade dissemination, no remuneration indicator, etc.

Examples:

- When Issued (WI) flag and price type requirements for USTs (Rule 6730): The market views the WI security to be on the run (no longer WI) after the auction. Suggested changes: 1) Either allow firms to report both in yield and decimal price or no longer require the WI flag after auction date (i.e. after auction date = report with no WI flag and price type decimal); 2) if a client elects to trade the outstanding security ahead of an upcoming re-opening, and they choose settle date to match issue date, allow firms to automatically append the WI flag.
- TWEB fees on UST all-in vs. clean price (Rule 6730): update the TRACE Rules and/or FAQs to clarify if firms should be reporting clean price or all-in price.
- No Renumeration (Rule 6730): Rescind the rule. There does not seem to be a consistent FINRA examiner interpretation of when the indicator should be applied and the information provides no added value to the street/market participants/clients as the indicator would be duplicative (e.g., "A" indicator already displayed to the market for trades between BD and a non-member affiliate for an affiliate). Alternatively, narrow the scope for the indicator to only indicate a trade as part of a wrap arrangement, where commissions are covered by a monthly fee, for example."

Definition of "Associated Person"

FINRA Rule 1011, Article 1 of FINRA By-Laws, and SEC Rule 3(a)(18)

Narrow the definition of Associated Person (AP) to exclude operational support functions that have no direct interaction with customers, and harmonize disparate definitions that exist in the Exchange Act and FINRA's By-Laws and rules, which create challenges in identifying the population who are subject to various requirements triggered by AP status (e.g., fingerprinting and screening for statutory disqualification, PAD, recordkeeping and reporting requirements, etc.).

Fingerprinting

Exchange Act § 17(f)(2) and SEC Rule 17f-2

Address underlying interpretive questions regarding who is in scope for fingerprinting (*see* AP definition above) and questionable utility of fingerprint/FBI checks for individuals located outside the US, including conflicts with foreign privacy laws and regulations. Note, the SEC does not require fingerprinting of SBSA APs.

Collateral Consequences/Statutory Disqualification (SD) and MC-400 Process

Article III, Sections 3-4 of FINRA By-Laws, FINRA Rule 9520 Series, and Exchange Act § 3(a)(39) of Exchange Act

Consider a risk-based approach to heightened supervisory plan requirements for firms, including requirements imposed by other regulators, and the cadence of SD exams.

Margin/Day Trading Requirements

FINRA Rules 4210, 2130, 2270

Amend Rule 4210 to address SIFMA's comments in 2021 and 2025 letters and to reflect investor preference for bank deposit settlement accounts. No requested changes to Rules 2130 or 2270.

Communications with the Public

FINRA Rules 2210, 2214

Align, where appropriate, Rules 2210 and 2214 with the SEC's Marketing Rule and MSRB requirements. For both retail and institutional investors, allow firms to take the same approach on determining whether to share hypothetical or targeted performance and whether to use investment tools as allowed under the Marketing Rule.

Additionally, clarify whether and under what circumstances Rule 2210 applies to communications distributed by a firm that are clearly not related to its securities business. For example, dually-registered firms may issue communications on behalf of their advisory business that include references to underlying holdings, such as mutual funds, ETFs, or individual stocks or bonds, that are not a solicitation or offer of the referenced securities; this can be reinforced with a disclosure.

Consolidated Audit Trail (CAT)

SEC Rule 613 (CAT), FINRA Rules 8211, 8213 (Blue Sheets)

The CAT is currently administered via an NMS Plan, which is governed by an Operating Committee consisting solely of representatives from the national securities exchanges and FINRA. The model, security, governance and funding of the CAT is fundamentally flawed and the SEC should conduct a comprehensive review of the CAT to determine its future. At the very least, the SEC should focus on updating its structure and operations to reduce costs and increase security, and update the governance and funding model to ensure that broker-dealers' views are appropriately reflected and the SEC has funding responsibility given its use of the CAT. The SEC should eliminate electronic blue sheets and replace it with a system based on CAT data, eliminate the CAT customer and account information system (CAIS) in light of the changes that will discontinue the reporting of PII to the CAT, and require the SROs to hire an independent party to review and make recommendations on ways to streamline and reduce costs associated with the CAT transactional database, the CAT transaction processing timelines, and the CAT database architecture in the cloud. The SEC should also adopt its 2020 CAT data security proposal, work with the SROs to add broker-dealer representatives to the CAT Operating Committee, and revisit and revise the CAT funding model and ultimately assume funding obligations for the CAT.

FINRA should consider the utility of Rules 8211 and 8213 regarding submission of blue sheet data considering CAT.

Carrying Agreements

FINRA Rule 4311

Amend Rule 4311 and related guidance, including: 1) eliminating Rule 4311(h) because introducing firms already receive sufficient information from carrying firms through existing reporting protocols. (See SIFMA's 2018 comment letter); removing requirement in Rule 4311(g)(1)(a) to provide regulator of foreign correspondent (introducing) broker with notice of a complaint against the introducing broker; and removing requirements in Rule 4311 (b)(2) and (b)(3) for FINRA's approval of each introducing broker arrangement.

Publication or Submission of Quotations

SEC Rule 15c2-11 and FINRA Rule 6400 Series

FINRA must work with SEC to remove all fixed income products from 15c2-11's scope.

Customer Account Transfer Contracts (ACATS)

FINRA Rule 11870

Modernize the ACATS requirements in Rule 11870 to address the evolving risks related to fraud (e.g., allow greater flexibility when fraud is suspected), reviewing how the rule comports with the existing framework on account transfers, including NSCC Rule 50. Clarify when a firm may take exceptions to ACATs when there is suspicion of fraud (e.g., Rule 11870(d)(3)), and define exception to Section (g) to return ACAT assets within 5-business days of receipt of an ACAT recall where the initial ACAT was identified / flagged as fraudulent money movement. In these instances, an investigation is needed to confirm the fraudulent nature of the event, and where a fraudster had successfully liquidated the account, the account would first need to be made whole before an ACAT return could be performed.

Consider for industry comment uniform reporting under Rule 11870(b)(1), which requires a validation of the transfer instruction by the carrying firm to the receiving firm "with an attachment reflecting all positions and money balances to be transferred as shown on its books," to reduce friction at the point of transfer with positions currently being reported differently.

Cash/Non-Cash Compensation

FINRA Rules 2310, 2320, 2340, 5110

Modernize exceptions to prohibitions on non-cash compensation arrangements.

Provide clarity on cash/non-cash applicability and consider whether there is an opportunity to consolidate the mutual fund and variable annuity rules, and address appropriate dollar limits.

Provide clarity or examples of what is permissible as "an occasional meal, a ticket to a sporting event or the theater or comparable entertainment which is neither so frequent nor so extensive as to raise any question of propriety and is not preconditioned on achievement of a sales target." I.e., define forms of permissible and impermissible business entertainment based on the location, nature, frequency and dollar amount of the business entertainment provided, as well as

the type and dollar amount of any accommodations or transportation provided in connection with such business entertainment.

Modernize ability to make payments to DBAs, which is not prohibited for advisory payments to DBAs.

Remove reference to "included on the member's books and records." In many instances, held-away positions are reflected on stock record to reflect the positions on statements below the line.

Reporting Requirements/Records of Written Customer Complaints

FINRA Rules 4530, 4513

Amend the definition of "complaint." The term should be well-defined because it is overly broad and pre-dates social media and other technologies that have made it more commonplace for people to express dissatisfaction without the desire or expectation of a remedy. Reporting should be limited to complaints: 1) of a verified client; 2) that are clearly directed at the firm; (3) that identify specific issues; and (4) that request some action and/or compensation.

#2 Priorities

Third Party Risk Management

FINRA Rule 3110 and RN 21-29

Consistent with a narrowing of the definition of AP above, provide guidance on roles and responsibilities that would define a third-party as an AP as well as the scope of responsibility for supervision and compliance with applicable FINRA rules. Provide observed practices on reviewing vendors, including what is considered a reasonable review and the frequency thereof.

Best Execution

FINRA Rule 5310

Amend Supplementary Material (SM) .09, which lists certain factors that should be considered when performing a regular and rigorous review of execution quality. While these factors may be appropriate for assessing smaller retail orders, each factor is not necessarily appropriate or effective in assessing the execution quality of larger institutional orders, in particular those handled via an algorithm.

Clarify that existing guidance (SM .04) exempts single-dealer platforms from Rule 5310.

Customer Confirmations

FINRA Rule 2232 and SEC Rule 10b-10

High priority: rescind disclosure of markup/markdown on retail customer confirmations, which is highly burdensome. Similarly, institutional accounts which are not "functionally separate" (as explained in the next paragraph) should have the option to opt-out, given these accounts already receive daily reporting, but FINRA will need to coordinate any changes with the SEC on Rule 10b-10.

Secondary priority for fixed income confirmations: it is common for "retail" and "institutional" fixed income desks within a firm to trade with each other on arm's-length terms, each with no knowledge of the other's transactions to source or resell such securities. The desks may be located in separate affiliated member entities or the same member entity. While we are aware that FAQ 1.2.1 takes the view that transactions between different desks of the same member entity are not transactions under the Rule, we nonetheless believe that economic outcomes to the end client should be the same as long as the proper information walls and other arms-length safeguards are in place. Under current rules the former case is eligible for the 2232(d)(1) exception while the latter case currently is not, resulting in an artificial distinction for purposes of mark-up and mark-down disclosure whereby the member in the latter case must disclose a misleadingly high mark-up or mark-down to customers. This undermines the usefulness of the disclosures to customers and inadvertently puts the latter firm at a competitive disadvantage. Amend FAQ items 1.2.1 and 1.7 to permit reliance on the 2232(d)(1) "functionally separate" exception where the principal trading desk that executes the (non-institutional) customer transaction in a given security either: (a) purchased the security from a "functionally separate" principal trading desk within the same member entity (in the case of a customer purchase); or (b) resells the security to a "functionally separate" principal trading desk within the same member entity (in the case of a customer sale); in each case where the latter (non-customer-facing) principal trading desk has no knowledge of the customer transaction.

Secondary priority: adopt additional standards similar to MSRB G-33 for the decimalization of display on confirm for accrued interest and yield (YTM or YTW).

Anti-Money Laundering

FINRA Rule 3310

FINRA should avoid duplication when examining firms for BSA compliance as it relates to manipulative trading or cyber-crimes, to the extent it is occurring.

Coordinate with federal regulators to ensure consistency of BSA interpretations and reduce duplicative, inefficient exams. Additionally, coordinate and jointly issue guidance/notices with the SEC and make available in a centralized location.

MSRB Rule Violations

FINRA should consult with the MSRB on findings related to alleged violations of MSRB Rules. Industry members have concerns about recent FINRA examination findings and enforcement actions that appear to be inconsistent with MSRB Rules and guidance (e.g., time of trade reporting, use of list offering price indicator, and reporting of allocations).

#3 Priorities

Client Statements

FINRA Rule 2231 and NYSE Rule 409T

Allow more flexibility beyond the current exception for firms to stop sending statements to a client. Expand Limited Exception to Continuous Statement Delivery Requirement to include, where court appointed fiduciary is not already in place or is in process, re-direction of client

statements to a documented, vetted POA after verification of client's incapacity with an independent third-party (doctor, etc.).

Provide an option for institutional clients to suppress their client statements.

Relatedly, amend Rule 2231 to allow for default suppression (or electronic access) for institutional accounts (as defined in 2111(b)). These clients do not custody positions; thus, account statements only show trading activity. Pertinent information is already included in the trading confirmations. Brokers have had to build the infrastructure to generate account statements with duplicative information without tangible client benefit.

Options

FINRA Rule 2360 and RN 22-14

Cancel proposed OTC Options Trade Reporting Requirements in RN 22-14.

Amend OTC Options Position Limits (b)(3), Current Disclosure Documents (b)(11), and Options Complaints Records (b)(17) sections:

- (b)(3): increase listed and OTC options position limits in US listed equities and ETFs. Eliminate or increase OTC options position limits in foreign listed equities and ETFs. Need exchanges to agree to limits for listed options.
- (b)(11): ODD Disclosure delivery should be permitted electronically without written consent. Currently, it requires delivery of 100+ page document at setup of account, and re-sending with updates.
- (b)(17): remove additional options related complaints documentation requirements; harmonize with standard complaint reporting and recordkeeping

Amend delta hedge position limit exemption in (b)(3)(A)(ii)(b). This exemption should be available to positions originating from clients meeting the definition of institutional account under FINRA rules. For consistency across the industry, the applicable model for this category of trading activity, i.e., institutional client flow, can be the publicly available OCC model rather than the proprietary models used by clearing firms. Additional, amend (b)(18(A)(ii) to clearly state that rule applies to discretionary brokerage accounts only.

BD SBS Margin Requirements

FINRA Rule 4240

Inter-affiliate transactions should be exempted as they are under CFTC, USPR and SEC rules.

Amend Rule 4240 to track SEC margin requirements for security-based swap dealers, and exclude non-dealer SBS activity.

A broker-dealer already registered as a Swap Dealer Mixed Swaps should be exempt because the SEC and CFTC agreed that a SD that is not dual registered will treat Mixed Swaps like CFTC swaps for UMR purposes.

Align FINRA 4240 to SEC view on risk of inter-affiliate transactions and its treatment of mixed

swaps is inconsistent with the SEC/CFTC agreement regarding shared jurisdiction over such derivatives.

Net Capital Requirements

SEC Rule 15c3-1 and FINRA Rule 4120

Consolidate and harmonize capital notification requirements in FINRA Rule 4120 with other regulators/SROs/exchanges/clearing houses to serve the purpose of capital notification requirements: ensuring firms have sufficient capital.

Customer Protection Rule

SEC Rule 15c3-3 and FINRA RN 21-27

Rule 15c3-3 states that broker-dealers must provide 30 days' notice when changing a sweep product. In early 2021, FINRA put out an interpretation RN 21-27 (as communicated to FINRA by the SEC Staff) saying this included adding or removing any bank from an FDIC sweep program. This requirement is unworkable in some circumstances when a bank is removed from the sweep program due to bank failure and FDIC receivership (e.g., Silicon Valley Bank).

Fractional Share Trading

FINRA Rule 6282 (ADF), FINRA Rule 6380A (FINRA/Nasdaq TRF), FINRA Rule 6380B (FINRA/NYSE TRF), and Rule 6622 (OTC Reporting Facility)

Enhance fractional trade reporting to FINRA trade reporting facilities. Currently, TRFs do not support entry of fractional share quantities.

Work with the SEC and DOL to align principal trading requirements across frameworks to support principal trading to enable fractional shares in advisory accounts and investment companies. Currently, certain types of advisory clients, such as retirement plans subject to ERISA and SEC-registered investment companies, may need to comply with regulations that generally prohibit or restrict them from engaging in principal trades, cross trades, or both, with some exceptions. Regulators should allow for trades in principal capacity inside qualified, fee-based accounts and without waiver on non-qualified (where client needs to approve principal trading on account open and trade-by-trade) to support fractional share trading and fixed income products within qualified or advisory accounts.

Beneficial Interest Requirements - Accounts At Other Broker-Dealers and Financial Institutions

FINRA Rule 3210

Amend rule as it relates to the breadth of spousal accounts for purposes of defining "beneficial interest" which a registered person is presumed to have, thereby creating additional review, approval, and monitoring requirements for firms. Recommend a centralized database to report accounts, instead of going to each firm, with consistent requirements.

Guidance on Investment Advisory Activities

FINRA NTMs 96-33 and 94-44

Update and further clarify the guidance related to rules governing RR/IAs. These regulatory notices are relied upon today, nearly 30 years later, and can stand to benefit from modernized guidance regarding investment advisory activities of RRs who are also investment advisers.

Searchable FINRA decisions

Make FINRA decisions (arbitration awards, enforcement actions, etc.) searchable as they are in Lexis or Westlaw. The PDF postings are inefficient.

Other Priorities

Cross-Border Activity of Non-US BDs

SEC Rule 15a-6

The rule needs to be modernized to account for current business practices and relief provided in No Action Letters.

Confirmation of Transactions

SEC Rule 10b-10

Modernize for default electronic delivery over physical delivery for institutional client trade confirmations (and client account statements). Potentially have different default positions for retail versus institutional clients.

Form BD Instructions

Form BD Instructions - Section C.I.D (Electronic Filing Instructions, retention of paper copies)

Align with Forms U4 and U5 requirements by removing requirement to store paper copies of initial BD filings and amendments to Disclosure Reporting Pages.

Customer Account Information

FINRA Rule 4512

Amend rule to: 1) harmonize FINRA definitions to SEC definitions (Reg BI, Accredited Investor) for more consistent application across definitions; and 2) combine various customer and investment profile information into Rule 4512, and for areas where customer account information is required in other rules (2111, 3010, 3260, refer to Rule 4512).

Provide guidance on whether representation by an RIA effectively turns any customer into an “institutional account” (similar to the retail customer definition exclusion for Reg BI).

Displaying OTC Equity Quotations in Multiple Quotation Mediums

FINRA Rule 6438

Rule 6438 requires members that display priced quotations on a real-time basis for an OTC equity security in two or more quotation mediums to display the same priced quotations for the security in each medium, with an exception for certain quotations that *represent* a customer limit order. Given inability to mark an order as “representative” in CAT, FINRA should update the rule to delete the reference to “represent.”

BrokerCheck

RN 19-10

Rescind RN 19-10 guidance on customer communications relating to departing registered representatives (RR). In particular, FINRA stated that a member firm must provide contra firm contact information for the departing representative (with his/her consent) to clients when the RR leaves for another firm. This is operationally challenging because it can conflict with other notice periods and/or Garden Leave requirements memorialized in private employment agreements.

Trade Halts

FINRA Rule 6440(c)

FINRA should provide clarity on what is prohibited during a trading halt (the language "to effect, directly or indirectly, a trade..." is vague) and what obligation(s) a firm has if a market center executes a trade during a halt. To avoid disadvantaging customers when the halt ends, FINRA should confirm that a member firm can route orders for execution post-halt.

Letter of Free Funds

SEC Regulation T

Section 220.8 (2) requires the firm to send letters of free funds (LOFFs) to confirm clients have sufficient funds on hand to settle transactions. In the current T+1 environment, this requirement is ineffectual because the contra broker will action the trade on T+1 if there were insufficient funds in the client’s account, which is typically before LOFFs get acknowledged/returned.

606 Reports

SEC Rule 606

The Rule requires broker-dealers to prepare and publish quarterly reports related to their routing decisions and the relationships between the broker-dealer and the routing destinations. Considering the various interpretive questions and positions taken by firms in preparing these reports, it would be most effective for FINRA or the SEC to prepare these reports based on a review of CAT data. This would allow for a consistent methodology to be applied across firms, providing market participants an apples-to-apples comparison of routing activity across firms.

Large Trader Monitoring

SEC Rule 13h-1(f)(3)

To qualify for the safe harbor and not be deemed to know the LT status of a client, a broker-dealer must have policies and procedures designed to identify those who have not complied with the identification requirements and, under (f)(3), must notify those clients of their obligations to identify as an LT with the SEC. With CAT data, this information is directly available to regulators and so the onus should no longer fall on broker-dealers to notify clients of their obligations.

Form ADV Application for Investment Advisor

Form ADVW Application for Investment Advisor Withdrawal

SEC Rules 204-2, 275.0-4(a)(2), and 275.203-1(1)

The SEC should consider storage of the Form ADV and ADVW and its amendments within the IARD system to comply with the record keeping requirements of these forms.

Restrictions on the Purchase and Sale of Initial Equity Public Offerings- Issuer-Directed Securities

FINRA Rule 5130(d)(1)(B)

Rule 5130(d) implicitly and correctly recognizes that issuer-directed allocations do not raise the same conflicts of interest as IPO allocations made at the discretion of a member or a member associated person. It is unclear why the rule excludes two classes of "restricted person" from the issuer-directed exception, frequently preventing issuers from directing allocations to accounts in which an employee (or immediate family member of an employee) of a broker-dealer has a beneficial interest. In practice this has caused members to reject issuer-directed allocations merely because the recipient's spouse happens to work for a broker-dealer that is not involved in the new issue, and in a role unrelated to securities underwriting.

Delete paragraph (d)(1)(B) ("an account in which any restricted person specified in paragraphs (i)(10)(B) or (i)(10)(C) of this Rule has a beneficial interest, unless such person, or a member of his or her immediate family, is an employee or director of the issuer, the issuer's parent, or a subsidiary of the issuer or the issuer's parent, or of a franchisee of any of the foregoing entities. Also, for purposes of this paragraph (d)(1) only, a parent/subsidiary relationship is established if the parent has the right to vote 50% or more of a class of voting security of the subsidiary, or has the power to sell or direct 50% or more of a class of voting security of the subsidiary").

If FINRA does not wish to delete paragraph (d)(1)(B) entirely, an alternative would be to limit the cross-reference to paragraph (i)(10)(B) to allocations to personnel of the managing underwriter of the new issue.

Electronic Submission of SEC Forms ATS and ATS-R

SEC Rule 301

Under Regulation ATS, broker-dealer operators of certain types of ATSs must file a Form ATS and quarterly Form ATS-R with the SEC. These forms must be executed by a supervisor and

notarized and cannot be done electronically. These signature and notary requirements are outdated and add complexity to the process. Allow electronic filing like Form ATS-N.

FINRA Membership/Filing Fees

Reassess inputs for membership fees. Fees based on branches rather than number of registered persons unfairly elevate payments by firms who serve investors in person across locations and decrease payments for firms who may have the same number or registered reps from a few branch locations or that substantially serve investors through on-line platforms.

FINRA imposes fees based on a notice and comment process but does not necessarily revise fees to incorporate industry feedback when fees are in excess of FINRA's stated needs. All changes to FINRA fees should require public comment and SEC oversight for reasonableness.

Alternative Display Facility

FINRA Rule 6200 Series

Consider whether this is necessary to maintain.

Wet Signature Requirements

Revisit and remove any wet signature requirements given current practices.

General Clock Sync Rule

FINRA Rule 4590

Update the rule to reflect scenarios where firms do not have their own clocks and rely on clearing BDs.

Market Surveillance

Provide more clarity of the range of thresholds that should be applied when monitoring for market abuse/manipulation.

Data Security

EBS/LOPR/etc.

Regulators require firms to report all manners of non-public trading information. While data security has been front and center in the context of CAT, it is equally important for other legacy systems/reporting structures and regulators should ensure data security for legacy systems/data.

Restricted Stock

SEC Rule 144

Address FINRA's position that treats the executing broker as the gatekeeper and liable for violations of Rule 144 even if other actors have intentionally or mistakenly made errors that would be difficult for the executing broker to recognize.

Members' Responsibilities Regarding Deferred Variable Annuities

FINRA Rule 2330

Revise the requirement in 2330(c) that requires principal review and approval "Prior to transmitting a customer's application for a deferred variable annuity to the issuing insurance company for processing, but no later than seven business days....." to 30 days.

Monthly Report of Margin Account Balances & Margin Disclosure Statements

FINRA Rules 2264 & 4521(d)(2)

Revise the rule to be consistent with industry practices. The information required by 4521(d) is reported at an account level and does not represent actual debit or credit balance carried at a fund level. Prime clients generally calculate interest at a contract family level and not at an account level. As such, the information provided to regulators is not necessarily consistent with industry practices.

Periodic Security Counts, Verifications and Comparisons

FINRA Rule 4522

Provide an exception for the monthly count for products that do not create/provide monthly statement files, which is an issue in the alternative investment space.

Consolidated Financial Account Reports

FINRA RN 10-19

The regulatory framework established in 2010 under RN 10-19 no longer reflects the practical realities of current business practices. The expectations surrounding "consolidated reports" have become difficult to apply in a technology-driven environment where automated data feeds, APIs, and dynamic client dashboards are standard. As a result, firms are challenged to align with the letter of the guidance while meeting client expectations for a modern, digital-first financial experience. Under a strict reading of the RN 10-19, nearly every output from a tool could fall within the definition of a consolidated report, triggering heightened supervisory obligations. This creates tension between compliance requirements and effective client service, particularly when the communications are illustrative.

Bulk Transfer of Customer Accounts

Codify in a FINRA rule: (i) the circumstances under which a FINRA member can rely on customer negative consent to effectuate a bulk transfer of customer accounts to another FINRA member, and (ii) the minimum disclosures that must be included in the negative consent letter to customers. Eliminate FINRA's review and "non-objection" to the use of negative consent and the contents of the negative consent letter, so long as the transferring firm complies with the standards articulated in the rule.

NASDAQ Listing Rules

NASDAQ's current listing requirements should be revised to mitigate opportunities for fraud and abuse.

Definition of SEC "Access Person"

Advisers Act Rule 204A-1

Clarify the definition of "Access Person" and expectations of adviser review, in particular holdings and transactions.

Disclosure of Order Execution Information

Regulation NMS Rule 605

Delay implementation beyond the December 2025 compliance effective date because the technical specifications for the format of the vendor report are not ready. Additionally, the SEC needs to update, consolidate and restate FAQs on Rule 605. There should be more detailed discussion on IOCs with additional special handling instructions to ensure consistency in industry approach to allow for parity in measuring cross-industry statistics.

Pay to Play

SEC Rule 206(4)-5 and FINRA Rule 2030

The SEC rule should be rescinded, and FINRA make conforming changes to its rule. The caps implemented under the rule are arbitrary and the penalties are out of step with the violation.

- End -